



DATE: October 20, 2020

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT: Old Highlands Street Improvements: Adopt a Resolution of Intention to Establish the Old Highlands Benefit Assessment District to Levy and Collect Assessments for Street Improvements; Ordering the Preparation of an Engineer's Report; and Setting a Time and Place for Prop. 218 Hearing

RECOMMENDATION

That Council adopts a resolution (Attachment II):

1. Declaring the intention to establish the Old Highlands Benefit Assessment District and impose assessments for street improvements;
2. Ordering the preparation of an engineer's report; and
3. Setting the date for a public hearing in compliance with Prop. 218 to consider protests regarding imposition of the assessments.

SUMMARY

The 6.12 miles of streets in the Old Highlands area were not brought up to City standards upon annexation in 1963 and have not been maintained, with the exception of emergency repairs. City Staff and the Old Highlands Homeowners Association (OHHA) Board and property owners have agreed to a cost share and the creation of an assessment district and imposition of special assessments against the properties in the Old Highlands area to fund a pavement rehabilitation project in the area (see Attachment III - area map).

BACKGROUND AND DISCUSSION

This item is the initial step in formation of the proposed Old Highlands Benefit Assessment District. The Old Highland area was annexed to the City of Hayward in 1963 and, at that time, the 6.12 miles of streets within the Old Highland area were not brought up to City standards upon annexation and have not been maintained. The Old Highland Homeowners Association (OHHA) board and property owners have preliminarily agreed to a cost sharing arrangement, the creation of an assessment district, and imposition of special assessments against the properties in the Old Highlands area to fund a pavement rehabilitation project for streets within the area. The project is anticipated to take place over a period of five to six years in conjunction with the City's annual pavement improvement project and will involve full depth reconstruction of up to 24-foot wide

sections of the roadways that are public right-of-way. Prior to commencement of the project, any roadway segments that are not currently public right-of-way must be dedicated to the City as a public road.

The Benefit Assessment Act of 1982 (Government Code section 54703, et seq) authorizes any local agency with authority to maintain streets, roads, or highways to levy special assessments to finance maintenance of those streets, roads, or highways. The Benefit Assessment Act, Article XIID of the California Constitution (Prop. 218) and Section 53753 of the California Government Code (the Prop. 218 Omnibus Implementation Act) impose certain procedural and substantive requirements relating to the levy of new or increased assessments, including preparation of a report describing the basis and amount of the proposed assessment, a description of services or improvements to be financed, and a written notice, protest and public hearing requirement.

If Council adopts the attached resolution, staff will proceed with preparation of an engineer's report and written notice, and ballots will be sent to all property owners of record within the proposed district, in compliance with Prop. 218. A public hearing to consider any protests to the imposition of the assessments will be scheduled at least 45 days from the date ballots are sent to the property owners. If a simple majority of property owners do not object to the imposition of the assessment, the City Council may proceed with formation of the district and levy the assessments.

City Staff has met with the OHHA Board of Directors on numerous occasions to develop a cost sharing arrangement that has led to this point and the potential creation of the assessment district. The arrangement was presented to property owners at an OHHA neighborhood meeting on January 18, 2018 and is summarized as follows:

- *The roadways require full depth reconstruction. This reconstruction effort, including design, legal and financial consultants, City inspection, survey and administration staff costs and roadway reconstruction, is estimated to cost \$5 million to \$6 million.*
- *The City will provide the initial funding for improvements from the Capital Improvement Program over a period of five to six years. The City will improve one or two streets each year. The OHHA Board will set construction priorities. They have selected Cotati and Tribune as the streets to be reconstructed during the first year of this program.*
- *OHHA property owners will reimburse the City for 50% of the cost incurred to reconstruct each road within the OHHA neighborhood.*
- *OHHA property owners will approve a financing mechanism that guarantees this reimbursement over a 20-year period. There are approximately 296 parcels within the OHHA boundary. Each parcel may be assessed approximately \$670 (per the preliminary cost estimate) per year for the improvements.*

- *The roadway improvements are intended to include pavement reconstruction only. Very minor improvements to eliminate roadway water ponding may also be included.*
- *The roadway improvements will not include curb and gutter, rolled curbs, storm drain inlets, street lighting, or sidewalks.*
- *The roadway improvements will follow the existing roadway footprint. The intent is to construct a 20-foot wide one-way street and a 24-foot wide two-way street, unless existing obstructions prevent this from being implemented. In the case of obstructions, the roadway will be narrowed.*
- *The City will only improve roadways that are 100% public right-of-way. The City's surveyor will identify street sections that are currently private property. The City's surveyor will create a plat/legal description for these roadway segments. Property owners will cause these roadway segments to be dedicated to the City as public right-of-way.*

If the OHHA neighborhood does not approve the assessment district, the streets would remain in their existing conditions and no further repair work would be completed by the City.

ECONOMIC IMPACT

There is no anticipated economic impact related to this item.

FISCAL IMPACT

There is no anticipated fiscal impact to the City's General Fund related to the formation of the formation of the Assessment District or consolidation.

STRATEGIC ROADMAP

This agenda item supports the Strategic Priority of Improve Infrastructure. Specifically, this item relates to the implementation of the following projects:

Project 5

- Part 5.a: Maintain Pavement Condition Index (PCI) at 70.
- Part 5.b: Prepare OHHA pavement improvement program design and financing structure.
- Part 5.c: Construct various OHHA pavement improvements

SUSTAINABILITY FEATURES

The project will involve pavement improvement which will require contractors to recycle all construction and demolition debris as a result of the project.

PUBLIC CONTACT

On September 18, 2020, a Notice of Public Hearing for the City Council meeting was sent to the property within the project site.

NEXT STEPS

Following Council adoption of the attached resolution, staff will commence the balloting phase as this staff report identifies. Ballot materials will be sent to all property owners of record at least 45 days prior to the scheduled public hearing. The ballots will be counted in a public hearing at the December 1, 2020 City Council meeting.

Prepared by: Kathy Garcia, Deputy Director of Public Works

Recommended by: Alex Ameri, Director of Public Works

Approved by:

A handwritten signature in black ink, appearing to read 'Kelly McAdoo', is written over a horizontal line.

Kelly McAdoo, City Manager